with the Master Test Plan Version 3 ("MTP") approved by the MPSC, which provides that when an exception "is created" it means that the identified issue "is not expected to satisfy" the applicable test criteria, but it is not a final determination. We also stated that a "Not Satisfied" finding in an interim update report is not a final determination. We base our explanation on our experience with BearingPoint's testing method and their reporting of interim results, and we believe it fairly characterizes BearingPoint's processes and interim findings. As additional support, we attach a letter from BearingPoint dated July 18, 2003, clarifying their view of this issue as Attachment B.

41. In short, when the status of the existing 22.6% "Not Satisfied" interim PMR findings in the Michigan June 30, 2003 Update Report are viewed in proper context – given the nature of BearingPoint's "test until pass" test process, and given that many of these "Not Satisfied" test points are in "Retest" or have already been satisfied on a going forward basis – it is not reasonable to conclude, as AT&T proposes, that these "Not Satisfied" findings on a BearingPoint test criteria somehow "demonstrate" that Michigan Bell's reported results are unreliable. It clearly does not. Rather, as the MPSC found, based on the totality of the evidence, Michigan Bell's reported results are reasonably accurate and reliable.

MICHIGAN BELL'S COMMITMENT TO PMR COMPLETION

42. AT&T also claims that Michigan Bell is attempting to "trivialize the importance of the BearingPoint test" and to "jettison" it by attempting to get the Commission to "ignore" it.[51] AT&T also states that SBC has "request[ed] that this Commission discard the BearingPoint test."[52] These claims distort our position and are without merit. In our Supplemental Affidavit we made it clear that Michigan Bell was relying on the completed portions of the BearingPoint test as well as the E&Y audit to support our

[51] Moore/Connolly Decl. ¶¶ 17, 46.
[52] *Id.* ¶ 24.

application.[53] More importantly, the greater part of our Supplemental Affidavit centered on the BearingPoint test including an analysis of the April 30, 2003 score reported by BearingPoint. In our affidavit we acknowledged that BearingPoint had not yet completed the PMR1, PMR4, and PMR5 testing.[54] To that end we offered the E&Y audit as supplemental support to those portions of the PMR1, PMR4, and PMR5 testing completed to date to demonstrate, when the evidence is viewed in the aggregate, that Michigan Bell's performance metrics are reliable. Although AT&T acknowledges that Michigan Bell filed a "Notice of Intent to Supplement the Record" with the MPSC, AT&T refuses to accept that "supplement" means to "add to," not "replace."[55] Michigan Bell has never suggested that the MPSC should ignore the BearingPoint test completely; rather we have consistently requested that BearingPoint's test findings be placed in proper context, as discussed above, and considered in the context of the totality of the evidence, including the completed E&Y performance audit.

43. Michigan Bell is committed to completing the BearingPoint test according to the directives received from the MPSC. This commitment is self evident given the continued and significant progress made to date as shown in the test scores reported by BearingPoint on April 30 and June 30, 2003.

THE BEARINGPOINT TEST RESULTS SUPPORT MICHIGAN BELL'S APPLICATION

44. We now address the "micro" test specific issues raised by AT&T with respect to PMR 1, PMR 4, and PMR 5.[56] Despite their creative efforts, AT&T again fails to demonstrate that any of the open observations, exceptions or not satisfied interim findings for these

---

53 Supplemental Reply Aff. ¶ 4.

54 *Id.* ¶ 7.

55 *See* Moore/Connolly Decl. ¶ 24.

56 *Id.* ¶¶ 49-56 & 69-72 (PMR 1); ¶¶ 73-81 (PMR 4); ¶¶ 82-113 (PMR 5). AT&T's allegations with respect to materiality and restatements, Moore/Connolly Decl. ¶¶ 56-68, are addressed in the Supplemental Ehr Reply Aff (Supp. Reply App., Tab 5).

three on-going portions of BearingPoint's PMR testing in any way "demonstrates" that Michigan Bell's performance data are either untrustworthy or inaccurate.

THE BEARINGPOINT PMR1 TEST DEMONSTRATES THAT MICHIGAN BELL IS PRODUCING RELIABLE PERFORMANCE METRICS RESULTS

45. *Technical Documentation.* AT&T attempts to attack the reliability of Michigan Bell's performance metrics results by attacking the status of the technical documentation under review by BearingPoint.[57] AT&T's arguments miss the real issue here.

46. When BearingPoint established its test plan, it determined the type of documentation that it required Michigan Bell to provide in order to execute its testing methodology. This list of required documentation included document types that Michigan Bell did not use in its performance measure operational processes and therefore did not have. As a result, and in order to make progress in the test, Michigan Bell produced new documentation based on BearingPoint's requirements. It is not surprising that Michigan Bell needed BearingPoint's review and feedback to fully understand the details that BearingPoint wanted to see in each document. As the business evolved, new documents have been created and some documents once thought to be complete have been modified, resulting in additional reviews by BearingPoint. Although thousands of pages of documentation have been approved by BearingPoint, others continue to be reviewed and refined based on feedback from BearingPoint.

47. These documentation issues were originally embodied in Exceptions 19 and 20. As the scope of the documentation issues narrowed, BearingPoint closed Exceptions 19 and 20 and opened Exceptions 186, 187 and 188. Michigan Bell continues to work to resolve the remaining issues and, as a result of these efforts, the issues have narrowed even further as demonstrated by the number of "Satisfied" PMR1-1 and 1-2 test points

[57] *Id.* ¶ 50-51.

increasing from 7 in April to 14 in the June 30, 2003 report. *See* April 30, 2003 Update Report at 7-16; Michigan June 30, 2003 Report at 7-21. But what is important here are that any technical flaws that may exist in the remaining documentation do not impair Michigan Bell's ability to maintain reliable systems to collect, process, store, and report performance results.

48. Although it is important that the appropriate Michigan Bell subject matter experts understand the data mapping, AT&T is wrong when it states that programming and maintenance of the underlying data cannot be done correctly and accurately unless it is embodied in these particular documents.[58] The Michigan Bell subject matter experts have access to other sources of information,[59] including sources that existed prior to BearingPoint establishing new requirements defining an appropriate set of documentation required in order to execute the test. These sources are primarily used as a reference by subject matter experts during the implementation and modification of the performance measures. In addition, to the extent that the documents under review are used by the subject matter experts, some of these same subject matter experts would be involved in updating and correcting the affected documents and would be aware of the corrections that are required. Thus, any delays in modifying these documents do not directly translate into a failure to accurately process and report performance results.

49. AT&T identifies only theoretical problems based on its limited understanding of the Michigan Bell processes and internal business workings. AT&T's assertions are without foundation and attempt to create a problem where none exist. Although BearingPoint continues to review the documentation that is the subject of Exceptions 187 and 188, these exceptions do not prevent Michigan Bell from producing current performance

---

[58] *Id.* ¶ 54.

[59] Examples of these other sources would include the program code itself and the data files which are processed with this code in the preparation of performance results.

metrics reports that are accurate and reliable. In any event, if AT&T were correct, then the technical documentation issues identified in Exception 187 and 188 presumably would cause programming, maintenance and reporting of the underlying data to be done incorrectly. However, if that actually occurred, the remaining portions of BearingPoint's metrics review, in particular PMR 4 and PMR 5, would uncover any real data reliability issues. Thus, even if AT&T were correct in its claims (which it is not) their concern is adequately addressed by the existing PMR process.

50. *Internal Data Collection Controls.* AT&T argues here that although E&Y's audit addressed data collection controls, it cannot be relied upon for the same reasons discussed above. We disagree for the reasons stated above. AT&T also argues that because BearingPoint is in the process of testing no conclusions can be drawn.[60] Again, context is required. In the course of testing the Michigan Bell Performance Metrics processes, BearingPoint identified inadequate or non-existent data controls for the collection and processing of data used in performance measurement calculation and reporting. These issues were identified in two exceptions: Exception 20 was closed in a satisfied condition on February 18, 2003 and Exception 47 was also closed in a satisfied condition on November 11, 2002. BearingPoint continues to monitor for data control issues but to date no additional observations or exceptions have been opened as a result of data control issues found by BearingPoint. More importantly, BearingPoint moved 16 data control (PMR1-4) test points from "Indeterminate" to "Satisfied"[61] in the Michigan June 30, 2003 Report. *See* Michigan June 30, 2003 Report at 28-32. Although they have not yet convinced AT&T, it is clear that BearingPoint does not believe there are outstanding issues associated with internal data collection controls.

[60] Moore/Connolly Decl. ¶ 56.

[61] Two PMR1-4 test points remain classified as "Indeterminate."

51. *Data Retention.* This issue deals with the retention of historical data. The bottom line is that BearingPoint determined that Michigan Bell retained data for the required 24 to 36 months for 71 source or reporting data systems, but was not retaining data for the required period of time for 14 other systems. Michigan Bell has implemented corrective action to retain the necessary data for 13 of these 14 systems on a going forward basis and currently has retained data for 11 of these 13 systems for over one year. For the two remaining systems, through June 2003, the source data originating in CAMPS has been retained for 11 months and the data used in producing the Manual – Directory Assistance Database measures have been retained for 9 months. The remaining data in question, the "DUF Parity File" data that AT&T highlights[62] in its comments, was not retained because it is neither a source system nor a reporting system. The MPSC requires that "Underlying data should be retained for a minimum of 24 months after the conclusion of the year in which the data was collected or 12 months after the issuance of the audit report, whichever is later,"[63] and then goes on to discuss "raw" data. This description clearly does not require that Michigan Bell retain redundant copies of the same data in different forms. Michigan Bell retains the source data used by the DUF Parity File in its original form in the "CAMPS" system. The DUF system acts upon this source data and exports the derived data to the "PRS" system. The PRS (reporting system) data is also retained. Since both the "source" and the "derived" data are retained, it would be redundant, and expensive, for Michigan Bell to also retain the DUF data in the DUF Parity file form as well. BearingPoint has already determined that the PRS data is being retained in Michigan. The data from CAMPS has been retained since August 2002.

---

[62] Moore/Connolly Decl. ¶ 71.

[63] Opinion and Order, *Ameritech Michigan's Submission on Performance Measures, Reporting, and Benchmarks, Pursuant to the October 2, 1998 Order in Case No. U-11654*, Case No. U-11830, at 11-12 (May 27, 1999) (App. E, Tab 1).

52. As noted above and in our Supplemental Affidavit, at least eleven of the 14 systems that BearingPoint identified as not having the required 36 months of retained data have now retained at least 13 months of data (with some systems retaining as much as 24 months of data). It is impossible for Michigan Bell to comply immediately (retain all 36 months of data), although Michigan Bell is doing everything within its power (retaining the current data) to become compliant. Compliance can only occur when enough time has passed such that the data Michigan Bell has currently retained has aged to 36 months. It is self-serving for AT&T to suggest that Michigan Bell should be excluded from entry into long distance, especially when AT&T makes no allegations that the lack of historical data is preventing it from competing in the local market.

DATA INTEGRITY ANALYSIS (PMR4) – ATTACHMENTS B AND BV2 – BEARINGPOINT'S EVALUATION OF PMR4 CONTINUES TO SHOW THAT MICHIGAN BELL'S DATA IS ACCURATE

53. The Metrics Data Integrity (PMR4) test evaluates policies and practices used by Michigan Bell, for processing the data used in the production of the reported performance results. BearingPoint has only completed the initial evaluation of 13 PMR4 test points; 10 are "Satisfied" and 3 are "Not Satisfied" and in "Retest." The remaining 27 are "Indeterminate." Our Supplemental Affidavit detailed the status of the five "Open" PMR 4 Exceptions as of May 30, 2003.[64] On July 10, 2003, Michigan Bell provided an updated Attachment Bv2, to reflect PMR4 status as of July 1, 2003.[65] As Attachment Bv2 shows, only one of the five PMR 4 exceptions remains "Open."

[64] *See* Supplemental Aff. ¶¶ 104-109 & Attachment B (PMR4 Analysis Exception Status as of 5/30/03).

[65] *See* July 10, 2003 Ex Parte. TDS claims that Michigan Bell "has not passed" the PMR 4 test. Their claim is clearly premature given the on-going nature of the PMR 4 test and the positive trend in results. TDS Comments at 5.

PMR 4 Analysis, Exception Status Summary as of 7/1/03		
Exception	Status as of 5/30/03	Status as of 7/1/03
E-134	Retest	Closed, Satisfied[66]
E-175	Retest	Propose to Close, Not Satisfied[67]
E-176	Retest	Closed, Satisfied
E-181	Retest	Retest
E-183	Retest	Closed, Satisfied

54. Given the high correlation between E&Y's and BearingPoint's findings in the PMR 4 test area that we demonstrated in our Supplemental Affidavit, AT&T raises only three feeble arguments to rebut that showing. None of them succeed to rebut the analysis we provided in our Supplemental Affidavit.

55. First, AT&T criticizes Michigan Bell's reliance on the E&Y audit with respect to PMR4 and relies on Exception 134 as support. AT&T notes that Michigan Bell "contends that E&Y identified this same mapping issue in its initial audit and also validated that SBC had taken the appropriate corrective action." AT&T then claims that "SBC's assertions are highly misleading."[68] In reality, it is the AT&T's statements that are misleading. Exception 134 has been "Closed-Satisfied" by BearingPoint (as we noted earlier). This exception is now closed because both parties (E&Y and BearingPoint) identified the issue to Michigan Bell and Michigan Bell implemented corrective actions. BearingPoint has just recently verified the corrective actions while E&Y did so months ago. Since the issue related to Exception 134 involved how the circuits were identified in common tables used in producing a large number of measures, once the root issue was identified and corrective action was implemented, it was effective across all measures that utilized those tables. Therefore, contrary to the story AT&T tells, it is not necessary for E&Y to

[66] Exception 134 was closed by BearingPoint in a "Satisfied" status on July 8, 2003.

[67] Exception 175 was "Proposed to Close" by BearingPoint in a "Not Satisfied" status on June 24, 2003. SBC Midwest requested that BearingPoint not close the exception until the parties could meet to fully evaluate options to retest the data given that the closure is based on January – June 2002 "Test CLEC" data that cannot be re-created without re-opening the operational test. SBC Midwest does not expect a retest to change the final determination ("Not Satisfied"), but rather expects that BearingPoint may be able to validate the process and the measurement as it has been modified, based on the exception response and disposition.

[68] Moore/Connolly Decl. ¶ 76, citing Supplemental Aff. ¶ 108.

produce a list of PMs that are identical to the list BearingPoint produced for every finding listed by E&Y, only that they found similar issues and verified that corrective action had been taken to address those issues by Michigan Bell

56. AT&T also complains about its limited access to E&Y's work papers for Exception 176.[69] Exception 176 has been "Closed-Satisfied" by BearingPoint (as we noted earlier). This exception, like 134 was identified by both parties (E&Y and BearingPoint) however, because E&Y considered the issue to be immaterial, it was not contained in E&Y's reports, but it was documented in its work papers. Therefore, the only relevant issue is whether Michigan Bell has fairly reported E&Y's findings. To answer that issue, E&Y has verified for this Commission that the representations made by Michigan Bell are correct.[70] Additional access by AT&T to the work product of E&Y would not change the findings that E&Y has. AT&T makes the same claim with respect to Michigan Bell's claim that certain PMR5 related issues BearingPoint identified in Observations 787, 846, 642, 677, 688, and 755 were also identified by E&Y. Again, AT&T offers no legitimate reason to reject E&Y's assurances that it identified these issues during its audit, rather, AT&T uses the fact that it has not been able to personally audit E&Y to verify that E&Y did in fact identify these issues as its justification as to why the Commission should refuse to rely on the E&Y work papers. Whether the claim is made in regard to PMR4 or PMR5 findings, there is no merit in this argument since E&Y's verification covered both tests and it was provided to the Commission on April 1, 2003.

57. Third, since only one of the five PMR 4 exceptions remains open, AT&T resorts to arguing that Observation 842, which "appears" to raise a data integrity issue discovered in July 2002 data, was not detected by E&Y. AT&T jumps to the irrational conclusion that this possibility completely undermines the use of E&Y's performance measurement

[69] Moore/Connolly Decl. ¶ 79.
[70] *See* April 1, 2003 Ex Parte.

audit. AT&T fails in its assessment of this issue by assuming that the "defect" would not have been found by E&Y because it was detected by BearingPoint in the July 2002 data even though it would have been material under E&Y's materiality standard. After evaluating Michigan Bell's response, BearingPoint recognized that the mere existence of duplicate data in reporting system tables does not necessarily result in inaccurate reporting of performance results. There was no finding of a material defect and on July 15, 2003, BearingPoint proposed to close this observation. As noted in our Supplemental Affidavit, the "defect" identified by BearingPoint in this case is an example of an observation that only required additional information and clarification by Michigan Bell before it could be closed.[71]

METRICS CALCULATIONS AND REPORTING TEST (PMR5) – BEARINGPOINT'S EVALUATION OF PMR5 CONTINUES TO SHOW THAT MICHIGAN BELL'S DATA IS ACCURATE

58. In the Metrics Calculations and Reporting Test (PMR5), BearingPoint evaluates the processes used by Michigan Bell, to calculate performance results, and it also assesses whether Michigan Bell has appropriately calculated those results in light of the MPSC-approved business rules for each reported measure. In our Supplemental Affidavit we provided three attachments that include additional analysis for portions of the PMR5 test.[72] PMR5 criterion 2 (blind replication) was addressed in Attachments D and E, while PMR5 criterion 3 (business rules) and criterion 4 (exclusions) were addressed in Attachment F. Each of these matrices focused on 48 performance measures that Michigan Bell has identified as key measures in previous 271 proceedings, in particular during the Initial Application. As these Attachments detailed, as of May 16, 2003,

[71] Supplemental. Aff. ¶ 57.

[72] No additional analysis is provided for PMR5 criterion 1 (disaggregations) since that portion of the test has been successfully completed.

BearingPoint identified one exception, 57 observations, and 3 notification reports[73] that impact these 48 key performance measures. In each case, Michigan Bell is investigating the issue or has already responded to BearingPoint; and where applicable, the issue is currently in retest. On July 10, 2003, Michigan Bell provided an updated Attachments Dv2, Ev2, and Fv2 to reflect progress as of July 1, 2003.[74] Each is discussed below.

PMR 5-2 Blind Replication Status Chart – Attachments D and Dv2

59. As noted above, Attachments D to our Supplemental Affidavit is a BearingPoint chart entitled the "Blind Replication Status Summary as of May 16, 2003." On July 10, 2003, Michigan Bell provided an updated Attachment Dv2, reflecting replication status as of June 23, 2003.[75] The table below provides an updated summary based BearingPoint's Attachment Dv2 chart, as of June 23, 2003.

[73] There are eight additional findings relating to these "key measures" that BearingPoint released after the April 30, 2003 Metrics Update Report that are included in the PMR5 matrices. They are Observations 792, 845, 846, 847, 848, and Notification Reports 116, 117, and 119.

[74] *See* July 10, 2003 Ex Parte.

[75] *See* Supplemental Aff. ¶¶ 133-139 & Attachment D. A table following paragraph 138 depicts the relative number of "M" (match), "NM" (non-match), or "NMM" (non-material match) conditions that BearingPoint had identified through May 16. *See* June 27, 2003 Ex Parte, revising this table and ¶¶ 138-139 of the Supplemental Aff.

Blind Replication Status Summary as of June 23, 2003							
	July 2002		August 2002		September 2002		Total
	CLEC	SBC	CLEC	SBC	CLEC	SBC	CLEC and SBC
Match (M)	269 (92.8%)	134 (94.4%)	184 (96.3%)	52 (100%)	172 (97.2%)	38 (100%)	849 (95.4%)
Non-Material Match (NMM)	9 (3.1%)	2 (1.4%)	1 (0.5%)	0 (0%)	2 (1.1%)	0 (0%)	14 (1.6%)
Non-Match (NM)	12 (4.1%)	6 (4.2%)	6 (3.2%)	0 (0%)	3 (1.7%)	0 (0%)	27 (3.0%)
Total Evaluated	290 (100%)	142 (100%)	191 (100%)	52 (100%)	177 (100%)	38 (100%)	890 (100%)
Total Possible Key Measures[76]	385	162	385	162	372	158	1624

60. A comparison of the two tables shows that BearingPoint continues to replicate or "match" over 95% (95.4% as of June 23, 2003) of the "key" measures evaluated through June 23, 2003, for July through September 2002 based on a 1% deviation standard. Of the additional 87 sub-measures BearingPoint evaluated between May 16 and June 23, 2003, 81 of them produced a "match" result within 1%.

61. Of the remaining sub-measures, an additional 4 (13 total or 1.6%) matched based on a 5% materiality threshold (*i.e.*, "non-material matches"), accounting for a total match rate of nearly 97% (96.9% as of June 23, 2003) of the sub-measures evaluated to date.

62. Finally, the remaining "non-matches," amount to an additional 2 (27 total or 3%) as of June 23, 2003. The table shows that Michigan Bell is maintaining a positive trend, as replication of the "key measures" continues to perform above 95% in all material respects.

[76] The difference in 'Total Possible Key Measures' from July and August to September is due to the migration of performance reporting from the MorTel system to the ICS/DSS platform. These measures, while reported together, have been evaluated separately by BearingPoint. With the transition for these measures complete as of September, the totals for September are smaller.

63. In its discussion of the differences between the materiality employed by E&Y and that used by BearingPoint, AT&T infers that BearingPoint's materiality standard for PMR5 is 95%.[77] It is true that the stated BearingPoint PMR5 standard is 95% of the required values for three consecutive months, however the actual calculations that BearingPoint undertakes are much more complex. AT&T fails to grasp that calculation methodology or the difference between the 95% standard and the 1% materiality threshold. BearingPoint's testing methodology requires near perfection (a match at the sub-measure level within 1%) in order to satisfy the replication test (PMR5-2) before the 95% standard is applied to the measure group as a whole. This 95% standard is further degraded by BearingPoint when they apply it across the four PMR5 criteria. The evaluation of each criterion begins at the level (% match) that was achieved for the previous criteria and cannot possibly improve upon the previous score, even when scoring 100% on the succeeding criterion. In other words, from a test point perspective, BearingPoint's methodology assumes a failure at PMR5-2 automatically fails the succeeding 5-3 and 5-4 tests, regardless of their individual scores.

PMR 5-2 Matrix – Attachments E and Ev2

64. Our Supplemental Affidavit also detailed the status of the "key" measures that BearingPoint identified as "non-match" in Attachment D.[78] On July 10, 2003, Michigan Bell provided an updated Attachment Ev2 to reflect progress as of July 1, 2003. *See* July 10, 2003 Ex Parte. The following tables summarize these status changes and new findings.

[77] Moore/Connolly Decl. ¶ 21.

[78] *See* Supplemental Aff. ¶¶ 140-144 & Attachment E (PMR5-2 Analysis "NM" Issues from BearingPoint PMR5 Status Matrix).

PMR5-2 Analysis "NM" Issues from BearingPoint PMR5 Status Matrix Summary as of 7/1/03		
Finding	Status as of 5/30/03	Status as of 7/1/03
NR116	Retest	Closed NR, Opened O-858
NR117	Retest	Closed NR, Opened O-862
O-613	This finding was not listed as the cause for the "NM" on original 5/30/03 matrix	Retest

65. AT&T makes no rebuttal to our analysis of the nine PMR 5-2 related observations or three PMR 5-2 related notification reports.[79] Rather, AT&T attempts to refute BearingPoint's findings to date of a 95% replication success rate, with a positive trend as replication continues. In doing so, AT&T once again takes a nonsensical approach by counting as failures testing that BearingPoint has not yet undertaken and for which BearingPoint has made no such determination.[80] AT&T suggests that the percent of sub-measures successfully replicated should be compared to the total number of sub-measures even those sub-measures that BearingPoint has not yet begun to replicate. This approach mixes two concepts - completion status with replication success to date. AT&T's approach fails to provide useable information that this Commission could rely upon to determine replication success to date. Since the intent of the PMR5-2 matrix is to demonstrate the proportion of sub-measures actually evaluated that are reported accurately, it would serve no reasonable or useful purpose to make calculations where the denominator is artificially inflated by including non-evaluated measures. AT&T's approach is without merit. Accordingly, AT&T's recalculation of the replication rates is meaningless.

[79] *Id.*

[80] Moore/Connolly Decl. ¶¶ 85-89 & Attachment I.

PMR 5-3 and 5-4 Matrix – Attachments F and Fv2

66. Our Supplemental Affidavit also details the status of the "key" measures that BearingPoint identified as either "Exclusion Discrepancies" or "Business Rule Discrepancies" in the Comments section of Attachment D.[81] Attachment F provides a further analysis of the observations and exceptions issued under the PMR5-3 and PMR5-4 criteria in the "Comments" column of the PMR5 Status Summary Chart (Attachment D). Of the 48 measures listed, we analyzed all 49 findings listed under PMR5-3 and PMR5-4. Our analysis set forth in Attachment F puts these observations and exceptions into proper context, showing that the issues raised by these findings apply only to the July, August, and September 2002 data months that BearingPoint is testing and do not apply to the later February – April 2003 data filed in this proceeding. We also showed the high correlation between these findings and E&Y audit results. On July 10, 2003, Michigan Bell provided an updated Attachment Fv2 to reflect progress as of July 1, 2003. *See* July 10, 2003 Ex Parte. As shown in Attachment Fv2, PMR 5-3 and 5-4 PMR testing has seen positive progress since May 30, 2003, with only one new observation opened. The following tables summarize these status changes in existing PMR5-3 and 5-4 issues and the one new finding.

PMR5-3 and 5-4 Analysis Changes in Existing Issues Summary as of 7/1/03		
Current Status	Number of Findings as of 5/30/03	Number of Findings as of 7/1/03
Open	4	0
Retest	17	20
Closed, Not Satisfied	27	24
Closed, Satisfied	1	8

[81] Supplemental Aff. ¶¶ 145-157 & Attachment F (PMR5-3 and PMR5-4 Analysis from BearingPoint PMR5 Status Matrix).

PMR5-3 and 5-4 Analysis New Issues Summary as of 7/1/03	
New Findings Since 5/30/03	Status as of 7/1/03
O-854	Retest
O-856	Retest
O-859	Retest

67. Of the 49 findings related to PMR5-3 and 5-4 discussed in our Supplemental Affidavit, AT&T raises issues with seven observations.[82] AT&T attempts to discredit E&Y's audit findings and the correlation with BearingPoint's findings by claiming that there is a conflict between BearingPoint and E&Y regarding Observation 661 and that E&Y failed to identify material "defects" identified by BearingPoint in the remaining six observations.[83] A more comprehensive review of these observations dispels AT&T's claims and shows that: (1) these observations were either identified by E&Y (either in its report or its work papers); (2) certain issues were not listed by E&Y because they were not material; (3) BearingPoint has closed the observation as being satisfied; or (4) the details of these observations were addressed in the PMR matrices we included in our Supplemental Affidavit and Michigan Bell demonstrated that they do not impact the February – April performance data relied upon by Michigan Bell in this application. We now address the observations AT&T used in their failed attempt to demonstrate problems with the PMR5-3 and 5-4 testing.

Observation 661:

68. There is no conflict between E&Y and BearingPoint as AT&T claims.[84] Version 1 of Observation 661, identifying that SBC Midwest was improperly applying exclusions in the calculation of PMs 13.1, 91, 99, MI 9, and MI 13, was issued in September 2002

[82] Moore/Connolly Decl. ¶¶ 92-94 (Observation 661), ¶ 96 (Observation 643); ¶¶ 97-101 (Observation 823), ¶¶ 102-103 (Observation 815), ¶ 104 (Observation 710), ¶¶ 105-106 (Observation 687), and ¶¶ 107-111 (Observation 809). In addition, as discussed above, AT&T complains about Michigan Bells reference to E&Y work papers for an additional six observations. *Id.* ¶¶ 112-113.

[83] *Id.* ¶¶ 91, 95.

[84] Moore/Connolly Decl. ¶¶ 92-94.

when this issue was first identified. At that time, the data months for PMR5 testing were January, February, and March 2002. E&Y also identified the same issue and Michigan Bell developed corrective actions.[85] In October 2002, the data months for PMR5 shifted from January, February, and March 2002 to July, August, and September 2002. Consequently, BearingPoint issued version 2 of this observation in November 2002, identifying the change in data months and acknowledging that Michigan Bell had already addressed the issues for PMs 13.1, 91, and 99, while reapplying this version of the observation to PMs MI 9 and MI 13 in these later months. As BearingPoint had not yet tested the corrective action that SBC Midwest implemented for the August 2002 results on a going forward basis to correct the issue with PM MI 9, they were premature in issuing version 2 of Observation 661, and incorrectly stating that Michigan Bell was improperly excluding project orders in the August and September 2002 results. They were correct in identifying that the problem still existed in the July results at that time, since the restatement had not yet been applied. Michigan Bell has subsequently restated MI 9 back to June 2002 in order to satisfy BearingPoint's testing.

69. Observation 661 will remain open until BearingPoint completes its evaluation. However, AT&T is incorrect in claiming that the original issue was not resolved when Michigan Bell implemented its corrective action in August 2002. Given BearingPoint's methodology and the time it takes to validate corrective actions using that methodology, there may be other areas where it appears that Michigan Bell has open issues when in fact, corrective actions have already been applied. In this case, E&Y identified the same issues documented in Observation 661, version 2 and verified that Michigan Bell's corrective action was implemented. The bottom line is, however, that this issue was

[85] E&Y addressed these issues in Section IV, 21 (iii) for MI 13 and in Section III, 12 (i) for MI 9.

ultimately addressed with June 2002 data (based on the restatement) going forward and does not impact the performance results before the Commission.

Observations 643, 823, 815, 710, 687, and 809:

70. AT&T also discusses a listing of what it calls "glaring omissions in E&Y's reports."[86] Although it is true that the issues listed in these observations were not explicitly called out in the E&Y work papers or reports, AT&T overemphasizes their importance and does not acknowledge that Michigan Bell has acted upon BearingPoint's findings and the issues do not materially impact the results provided to the Commission with this filing. These slight differences on these minor issues do not destroy the reliability of E&Y's findings as AT&T suggests.

71. For instance, AT&T points to Observation 643.[87] The issue is the truncating of lower dateparts during time interval calculations for PMs 6, 11, 11.2 and 95. AT&T acknowledges that the part of the datepart that is truncated is the fractional minutes (seconds ranging from 1 second to 59 seconds) for each transaction.[88] AT&T also points out that BearingPoint determined that the difference between the datepart that was actually captured (and was used for calculating performance results) and what should have been captured varied by as much as 8.26 percent from Michigan Bell's result,[89] but this variation is not material when placed in a real world context. There is no benchmark for PMs 6 and 11, and the benchmark for PMs 11.2 and 95 is 5 hours (300 minutes). AT&T fails to mention that the 8.26 percent variation it quotes relates only to PM 11 (Mean Time to Return Mechanized Rejects), which has no benchmark. Furthermore, this variance equates to 40 seconds at the most, based on results from July (0.03 hours), August (0.06 hours), and September (0.13 hours), possibly changing the reported value

86 Moore/Connolly Decl. ¶ 95.
87 *Id.* ¶ 96.
88 *Id.*
89 *Id.*

for September from 0.13 hours to 0.14 hours (a 0.01 hour change). Although this change in results would not meet the threshold established by either BearingPoint (1%) or E&Y (5%); it (40 seconds) hardly represents a material issue. Materiality notwithstanding, this issue was addressed with November 2002 results going forward for all of the measures, and does not therefore impact the February through April data filed with the FCC in this application.

72. In a similar manner, AT&T attempts to convince the Commission that the variation in reported denominators for PM 10 (Percent Mechanized Rejects Returned Within One Hour of the Reject in MOR) and PM 11 (Mean Time to Return Mechanized Rejects) in Observation 823 presents a real problem.[90] AT&T acknowledges that Michigan Bell resolved all outstanding issues for PM 10 and the reported denominators are now correctly reported.[91] In fact, Michigan Bell implemented corrective action for PM 10 in August 2002 going forward and restated the data from April through July 2002. AT&T focuses on the fact that the same issue was not fixed for PM 11, a diagnostic measure that compliments PM 10, until April 2003. Given that PM 10 is accurately stated and PM 11 is complimentary in that it looks at the same data in another way (Percent Rejects Within 1 Hour vs. Mean Time to Reject), this issue should not be overly concerning to the Commission in assessing overall data reliability. In that context, this issue does not materially impact the January, February, and March 2003 data filed with the Commission.

73. Two other issues raised by AT&T likewise have long been resolved and have no impact on the data before the Commission.[92] Observation 815, affecting the count of orders to be included in the numerator for the calculation of PM 114, has now been closed as of July

---

90 *Id.* ¶ 97.
91 *Id.* ¶ 99.
92 *Id* ¶¶ 102-103 (Observation 815); ¶ 104 (Observation 710).

1, 2003. Corrective action was implemented in February 2003 and the performance measurement results were restated for July 2002 through January 2003. Observation 710 (inappropriately excluding CLEC-caused misses) was resolved in November 2002 when Michigan Bell implemented corrective action. Neither issue adversely affected the performance data filed with the Commission.

74. Observation 687 is another observation that has been resolved since the summer of 2002.[93] BearingPoint identified that Michigan Bell was improperly excluding certain transactions from the numerator for PM 10.4 while counting them in the denominator. Michigan Bell implemented corrective action in August 2002 and restated the July 2002 results. The results reported to the Commission are correct and are not affected by this issue.

75. Finally, AT&T identifies Observation 809.[94] Here again, AT&T mischaracterizes Michigan Bell's position. AT&T states that BearingPoint closed this observation in a "Not Satisfied" condition because "SBC refused to subject itself to the rigors of further testing."[95] AT&T knows this statement is false. Because the systems that "talked" to each other were out of "synch," the time that events occurred and were captured by Michigan Bell were not the same on each system. Re-synchronizing each system corrected the problem on a going forward basis in August 2002, but it was impossible to go backward in time, identify which machine handled each transaction, and correctly time stamp them (each transaction) based on the newly synchronized clocks. In closing the observation, BearingPoint stated that they "have validated that the August and September results adhere to the published metrics business rules."[96] Because the earlier time stamps could not be recreated, additional testing could not be performed for the July

[93] *Id.* ¶¶ 105-106 (Observation 687).
[94] *Id.* ¶ 107.
[95] *Id.* ¶ 110.
[96] The BearingPoint Closed Observations Status Reports, 400 to Current, can be viewed at http://www.osstesting.com/Observations.htm.

test month being reviewed by BearingPoint, thus this issue was closed in a "Not Satisfied" condition. AT&T knows full well that testing of this issue did not end because Michigan Bell refused to cooperate with BearingPoint and to make such an assertion is disingenuous.

76. The synchronization issue was resolved effective with August 2002 performance data and has no bearing on the performance data before the Commission.

RESPONSES TO BEARINGPOINT'S ADDITIONAL OBSERVATIONS

Observations 856, 857, 859, and 861:

77. AT&T identifies four observations, 856, 857, 859, and 861, that were received after the status date for inclusion in Michigan Bell's Supplemental Filing. AT&T calls these observations "significant defects."[97] A closer examination reveals that one of them (861) is now "Closed-Satisfied." On July 15, 2003, BearingPoint proposed to close another one (857) in a satisfied condition, and the other two are non-issues. The only thing "significant" here is AT&T's mischaracterization.

78. The July 10, 2003 Ex Parte noted the issuance of Observations 856 and 859 and each was discussed on the "PMR5-3 and 5-4 Analysis Matrix" that was updated via the filing.[98] Neither of these two observations was shown to be material. The error noted in Observation 856 was not material because it resulted in either no change to the published results (published result remained at 100%) in some months or because no data was reported for Michigan in that disaggregation for other months under study. The issue in Observation 859 (whether the default value for those records with no clear "Customer Advised" time in PM MI 14 should be a "Make" or a "Miss") resulted in changes to the

[97] Moore/Connolly Decl. ¶¶ 114-116.
[98] *See* July 10, 2003 Ex Parte, Attachment Fv2.

reported results of less than 0.3% in any of the three test months, and thus there was not a material impact on the results.

79. Observation 857 (results for Performance Measurements CLEC WI 1 do not follow the published business rules) is proposed to close as "Satisfied" as a result of BearingPoint receiving additional information from Michigan Bell. Upon clarification, BearingPoint recognized that Michigan Bell was actually reporting the correct circuit completion date for orders that have multiple circuits.

80. Observation 861 (inability to replicate PM 67) is also now closed as "Satisfied" upon BearingPoint's recognition that the observation stemmed from an improper calculation by BearingPoint during their replication effort.

81. Here again, AT&T attempts to use these four observations to convince the Commission that "BearingPoint's audit has uncovered and continues to uncover significant defects in SBC's performance monitoring and reporting processes." (emphasis added).[99] As we noted in our Supplemental Affidavit, it is not enough to identify findings and state the reason they were opened; one must look beyond the initial issue and fully understand the current status before one can determine if the finding impacts Michigan Bell's ability to produce accurate and reliable performance measurement results. AT&T repeatedly refuses to look beyond the surface. Rather, AT&T holds to its tired and worn theory that all findings and all incomplete testing must be viewed as "significant defects" caused by Michigan Bell. Here, AT&T claims these four observations demonstrate significant defects or "real problems" when in reality only one of them reflects a very minor reporting deviation and the remaining three have no impact on published results. Considering the timing of corrective actions implemented for these observations, none of them adversely affect the three months of data Michigan Bell has filed with the Commission.

[99] Moore/Connolly Decl. ¶ 116.

82. When all of this evidence is viewed collectively, AT&T's attempt to have this Commission treat the incomplete portions of the BearingPoint review as fatal flaws (and as the only evidence that should be considered) clearly must be rejected. AT&T has failed to rebut Michigan Bell's strong showing, based on the totality of the evidence, that its reported performance data is reasonably accurate and reliable.

CONCLUSION

83. The sky is not falling. When all of this evidence is viewed collectively, AT&T and other CLECs attempts to have this Commission treat the incomplete "Not Satisfied" portions of the BearingPoint's PMR1, PMR4 and PMR5 testing as proof that Michigan Bell's reported results are inaccurate and untrustworthy (and as the only evidence that should be considered) clearly must be rejected. As shown above, the CLECs completely fail to rebut Michigan Bell's strong showing, based on the totality of the evidence, including the completed portions of the BearingPoint PMR test, the completed E&Y performance audits, and the other indicia of reliability that its reported performance data results relied upon in this Supplemental Application results are reasonably accurate and reliable.

84. Pursuant to Part II.E. of the Consent Decree entered into between SBC Communications Inc. ("SBC") and the Federal Communications Commission, released on May 28, 2002,[100] I, James D. Ehr, hereby affirm that I have: (a) received the training SBC is obligated to provide to all SBC FCC Representatives; (b) reviewed and understand the SBC Compliance Guidelines; (c) signed an acknowledgment of my training and review and understanding of the Guidelines; and (d) complied with the requirements of the SBC Compliance Guidelines.

85. This concludes our affidavit.

[100] *See* Order, *SBC Communications, Inc.*, 17 FCC Rcd 10780 (2002).

STATE OF ILINOIS)
)
COUNTY OF COOK)

I declare under penalty of perjury that the foregoing is true and correct. Executed on

JULY 18, 2003.
(date)

James D. Ehr

Subscribed and sworn to before me this 18 day of July, 2003.

Notary Public

OFFICIAL SEAL
EDITH SMITH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 10/21/04

STATE OF ILLINOIS)
)
COUNTY OF COOK)

I declare under penalty of perjury that the foregoing is true and correct. Executed on July 18, 2003.
(date)

Salvatore T. Fioretti

Subscribed and sworn to before me this 18 day of July, 2003.

Notary Public

OFFICIAL SEAL
EDITH SMITH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 10/21/04